

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 CIAE-00 COME-00 DODE-00
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FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA PRIORITY

C O N F I D E N T I A L STATE 143074

E.O. 11652:GDS

TAGS: ETRD, CA

SUBJECT: CANADIAN PROPOSAL ON GROUND FISH SUBSIDY--CVD
WAIVER

REF: STATE 135553

1. ON JUNE 6, CANADIAN EMBASSY COMMERCIAL COUNSELOR
ANTHONY HALLIDAY AND MICHAEL JOYCE MET WITH TREASURY GENERAL
COUNSEL ROBERT MUNDHEIM AND RICHARD SELF, DIRECTOR, OFFICE
OF TARIFF AFFAIRS, TO INFORM THEM OF THE DECISION TAKEN IN
OTTAWA REGARDING ELIMINATION OF THE GROUND FISH TEMPORARY
ASSISTANCE PROGRAM (GTAP). HALLIDAY SAID THAT THE CANADIAN
MINISTERS, ALTHOUGH INFORMED BY THE CANADIAN EMBASSY THAT
TREASURY DESIRED THAT THE GOC TERMINATE THE GTAP FOR
"ONSHORE" FISH (SEE REFTEL PARA 3) ON OCTOBER 1 AS A BASIS
FOR A GRANTING OF A WAIVER OF COUNTERVAILING DUTIES, HAD
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DECIDED THAT THE PAYMENTS WOULD BE REDUCED ON OCTOBER 1
FROM TWO CENTS PER POUND TO ONE CENT PER POUND. THE
PAYMENTS WOULD BE ELIMINATED ENTIRELY ON DECEMBER 31. THE
MINISTERS HAD ALSO DECIDED THAT THE GTAP FOR "OFFSHORE"
FISH WOULD BE ELIMINATED RETROACTIVE TO MARCH 31 AND THAT
THERE WOULD BE CONFIRMATION OF THE REMOVAL OF GTAP PAYMENTS
TO PROCESSORS RETROACTIVE TO MARCH 31. HALLIDAY SAID THE

POSITION WAS NON-NEGOTIABLE AND NOT A NEGOTIATING TACTIC.

HE SAID THE MINISTERIAL DECISION WOULD GO TO THE TREASURY BOARD ON THURSDAY, JUNE 8 AND BE ANNOUNCED THE FOLLOWING DAY.

2. HALLIDAY COMMENTED THAT THE RETENTION OF THE REDUCED PAYMENT SCHEME FOR THREE ADDITIONAL MONTHS DOESN'T MEAN MUCH BECAUSE CATCHES ARE NOT GREAT DURING THAT PERIOD. HE ARGUED THAT CANADA HAD MET THE TERMS OF TREASURY'S WAIVER GRANTING AUTHORITY BASED ON PREVIOUS WAIVER GRANTS, THAT IT WAS POLITICALLY IMPORTANT FOR CANADA THAT THE REDUCED PAYMENTS BE CONTINUED OVER THE LAST THREE MONTHS OF THE YEAR, AND THAT THE MINISTERS WOULD BE DISAPPOINTED IF CANADA IS TURNED DOWN.

3. MR. MUNDHEIM RESPONDED THAT THERE IS STRONG AND VIGOROUS OPPOSITION IN CONGRESS TO THIS WAIVER. THE U.S. FISHERMEN AND MANY INTERESTED MEMBERS OF CONGRESS ARE ALSO DEEPLY CONCERNED ABOUT DREE GRANTS AND PROVINCIAL SUBSIDIES. SELF NOTED THAT HE HAD NEVER SEEN SUCH STRONG OPPOSITION TO A WAIVER BEFORE AND ALTHOUGH THE POSSIBILITY OF AN OVERRIDE BY CONGRESS WAS PROBLEMATIC, DAMAGE COULD BE FELT WHEN PROPOSED MTN SUBSIDY/COUNTERVAIL CODE WAS PRESENTED TO CONGRESS. SELF ADDED THAT SINCE THE CATCH IS PRESUMABLY SMALL DURING THE LAST THREE MONTHS OF THE

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YEAR IT SHOULD NOT BE DIFFICULT POLITICALLY TO ELIMINATE THE PAYMENT ON OCTOBER 1. HE SAID IT WOULD BE MUCH EASIER FOR TREASURY TO HANDLE THE WAIVER ON THE HILL IF THE GTAP WAS ENTIRELY ELIMINATED ON OCTOBER 1.

4. HALLIDAY ASKED IF THE RESPONSE MEANT TREASURY WAS CLOSING THE DOOR TO THE GOC PROPOSAL. MUNDHEIM RESPONDED THAT HE WAS NOT CLOSING THE DOOR BUT HE WAS NOT OPTIMISTIC ABOUT THE WAIVER UNDER THE FINAL PROPOSAL PRESENTED BY THE CANADIANS.

5. HALLIDAY SAID THAT SECRETARY OF STATE FOR EXTERNAL AFFAIRS, DON JAMIESON, WOULD BE CALLING SECRETARY OF STATE VANCE ON THIS MATTER BECAUSE OF THE IMPORTANCE IT HELD FOR THE TRUDEAU GOVERNMENT AND JAMIESON PERSONALLY. VANCE

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